

## OFFER DOCUMENT

FOR A JOINT VOLUNTARY PUBLIC TAKEOVER BID (CASH OFFER)

BY

**BURGAN BANK S.A.K.**

and

**UNITED GULF BANK B.S.C.**

IN RESPECT OF ALL THE ISSUED SHARES IN

**FIMBANK P.L.C.**

NOT ALREADY HELD BY

BURGAN BANK S.A.K. or UNITED GULF BANK B.S.C.

AT A PRICE OF USD 0.95 PER SHARE

**RIZZO, FARRUGIA & CO. (STOCKBROKERS) LTD**

MANAGER, REGISTRAR, COLLECTING AGENT AND PAYING AGENT

ACCEPTANCE PERIOD: FROM 16<sup>th</sup> DECEMBER 2013 at 08:30 hours to 20<sup>th</sup> JANUARY 2014 at 17:00 hours

OFFER DOCUMENT DATED: 9<sup>th</sup> DECEMBER 2013

Manager, Registrar, Collecting & Paying Agent

Joint Offerors

Legal Counsel to Offerors



# TABLE OF CONTENTS

1	DEFINITIONS AND INTERPRETATION .....	4
2	GENERAL INFORMATION & RESPONSIBILITY STATEMENTS .....	7
2.1	GENERAL .....	7
2.2	RELIANCE .....	7
2.3	RESPONSIBILITY STATEMENTS .....	7
2.4	PUBLICATION AND DISSEMINATION OF THE OFFER DOCUMENT .....	8
2.5	ACCEPTANCE OF OFFER OUTSIDE OF MALTA .....	8
2.6	LANGUAGE OF OFFER DOCUMENT .....	8
2.7	STATEMENTS IN THE OFFER DOCUMENT .....	8
2.8	FORWARD-LOOKING STATEMENTS AND INTENTIONS OF THE OFFERORS .....	9
2.9	NO UPDATES .....	9
2.10	PROFESSIONAL ADVISORS .....	9
2.11	INDEPENDENT EXPERT .....	9
2.12	SUMMARY OF THE OFFER .....	10
3	BACKGROUND TO THE OFFER .....	11
4	OFFER TERMS .....	13
4.1	OFFER AND OFFER PRICE .....	13
4.2	LEGAL CHARACTER .....	13
4.3	JOINT OFFER .....	13
4.4	COMPLETION CONDITIONS AND LAPSE OF OFFER .....	13
4.5	FINANCING OF BID .....	13
4.6	ACCEPTANCE PERIOD .....	14
4.7	SQUEEZE-OUT RIGHTS AND SELL-OUT RIGHTS .....	14
4.8	COMPENSATION OF LOSS OF CERTAIN RIGHTS .....	14
4.9	VOLUNTARY BID .....	14
5	ACCEPTANCE .....	15
5.1	ELIGIBILITY .....	15
5.2	ACCEPTANCE .....	15
5.3	NOTICES .....	15
5.4	ACCEPTANCE FORM .....	15
5.5	PAYMENT .....	16
5.6	ACCEPTANCE PERIOD .....	16
5.7	RIGHT TO REJECT .....	16
5.8	RESULTS .....	16

6	INFORMATION ON THE OFFERORS .....	17
6.1	BURGAN .....	17
6.2	UGB .....	18
6.3	KUWAIT PROJECTS COMPANY (KIPCO) .....	20
7	INFORMATION ON FIMBANK .....	22
7.1	GENERAL INFORMATION ABOUT FIMBANK .....	22
7.2	HISTORY .....	22
7.3	BOARD OF DIRECTORS .....	23
7.4	CORPORATE STRUCTURE .....	24
7.5	INTEREST OF MAJOR SHAREHOLDERS .....	25
8	OFFERORS' INTENTIONS WITH REGARD TO FUTURE BUSINESS .....	26
8.1	VISION AS A BUSINESS .....	26
8.2	MEMBER OF THE KIPCO GROUP .....	26
8.3	GENERAL CONSIDERATIONS .....	26
8.4	TRADE FINANCE .....	26
8.5	FORFAITING .....	27
8.6	FACTORING .....	27
8.7	FUNDING .....	27
8.8	OPERATIONS AND RISK MANAGEMENT .....	28
8.9	CORPORATE STRATEGY AND DIVIDEND POLICY .....	28
8.10	POSSIBLE LONGER-TERM DEVELOPMENTS .....	28
8.11	LISTED STATUS .....	28
9	TAX CONSIDERATIONS .....	29
9.1	INTRODUCTION .....	29
9.2	CAPITAL GAINS ON DISPOSAL OF SHARES .....	29
9.3	DUTY ON DOCUMENTS .....	29
9.4	SHAREHOLDER COSTS AND LIABILITIES .....	29
10	GOVERNING LAW .....	30
	SCHEDULE 1 - ACCEPTANCE FORM .....	31
	SCHEDULE 2 - INDEPENDENT EXPERT'S REPORT .....	33

## 1 DEFINITIONS AND INTERPRETATION

Acceptance	The formal acceptance of the Offer by a Shareholder pursuant to an Acceptance Form;
Acceptance Form	The form to be used by Shareholders when accepting the Offer, as per Schedule 1;
Acceptance Period	The period during which the Shareholders may accept the Offer, such period running from and including 8:30 hours on 16 <sup>th</sup> December 2013 to and including 17:00 hours on 20 <sup>th</sup> January 2014, Malta local time, unless extended in terms of this Offer Document;
Burgan	Burgan Bank S.A.K., a public shareholding company incorporated in the State of Kuwait by Amiri Decree dated 27 <sup>th</sup> December 1975 listed on the Kuwait Stock Exchange, registered as a Bank with the Central Bank of Kuwait and having its registered address at P.O. Box 5389, Safat 12170, State of Kuwait, which currently holds 35,000,000 fully-paid ordinary shares in FIMBank with a nominal value of USD 0.50 each representing circa 19.53% of the total issued share capital of FIMBank;
Collecting Agent	RFC;
Controlling Interest or Control	The acquisition by a person which directly or indirectly gives the acquirer fifty percent plus one of the voting rights of a company;
Expert's Report	The report appended hereto as Schedule 2, drawn up by the Independent Expert in accordance with Rule 11.23 and 11.24 of the Listing Rules;
FIMBank or Bank	FIMBank p.l.c., a public liability company incorporated in Malta listed on the MSE, having its registered office at Mercury Tower, The Exchange Financial and Business Centre, Elia Zammit Street, St. Julian's STJ 3155, Malta and licensed as a credit institution by the Malta Financial Services Authority in terms of the Banking Act (Chapter 371 of the laws of Malta), having an issued share capital of 179,198,169 fully-paid ordinary shares with a nominal value of USD 0.50 each, out of which 54,203,434 are held by UGB and 35,000,000 are held by Burgan;
Financial Markets Act or FMA	Financial Markets Act (Chapter 345 of the laws of Malta);
Independent Expert	Ernst & Young Malta Limited, Regional Business Centre, Achille Ferris Street, Msida MSD 1751, Malta;
Listing Authority	The Listing Authority, as established under the FMA;

Listing Rules or the Rules	The Listing Rules issued by the Listing Authority in accordance with the provisions of the FMA as may be amended from time to time;
Manager	RFC;
MFSA	Malta Financial Services Authority, established pursuant to the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta);
MSE	Malta Stock Exchange p.l.c. ( <i>Borża ta' Malta</i> ), licensed pursuant to the FMA;
Offer	The joint voluntary public takeover bid to all Shareholders being made by the Offerors in terms of this Offer Document for the Offerors to purchase all the Shares at the Offer Price and otherwise on the terms set forth herein;
Offer Document	This document in its entirety dated 9 <sup>th</sup> December 2013;
Offerors	Burgan and /or UGB, jointly and acting in concert. Provided that all Acceptances are honoured in terms of this Offer Document by Burgan and/or UGB, Burgan and UGB shall jointly determine at their discretion how many Shares as a result of such Acceptances shall be acquired by each of them so that either one of them may acquire all of the Shares as a result of such Acceptances subject to the necessary regulatory approvals from their respective regulators in Kuwait and Bahrain;
Offer Price	USD 0.95;
Paying Agent	RFC;
Record Date	6 <sup>th</sup> December 2013;
Register	The register of Shareholders of FIMBank as registered on the Record Date at the Central Securities Depository of the MSE;
Registrar	RFC;
RFC	Rizzo, Farrugia & Co. (Stockbrokers) Ltd, which holds a Category 3 licence issued by the MFSA and is a member of the MSE. Its registered address is Airways House, Third Floor, High Street, Sliema SLM 1549, Malta;
Share	Each of the 89,994,735 fully-paid ordinary shares issued by FIMBank with a nominal value of USD 0.50 not already held by Burgan or UGB;

Shareholder	The holder of one or more Shares in FIMBank, other than Burgan or UGB, as registered in the Register on the Record Date;
UGB	United Gulf Bank B.S.C., a joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550, listed on the Bahrain Bourse, operating in the Kingdom of Bahrain under a Wholesale Banking License issued by the Central Bank of Bahrain, having its registered address at P.O. Box 5964, UGB Tower, Diplomatic Area, Manama, Kingdom of Bahrain, which currently holds 54,203,434 fully-paid ordinary shares in FIMBank with a nominal value of USD 0.50 each representing circa 30.25% of the total issued share capital of FIMBank;
USD or \$	United States Dollars.

## **2 GENERAL INFORMATION & RESPONSIBILITY STATEMENTS**

### **2.1 GENERAL**

All capitalized terms used in this Offer Document are defined in the foregoing Section 1, *Definitions and Interpretation*, and reference should be made thereto for explanatory purposes.

This Offer Document has been prepared by the Offerors pursuant to the requirements of the Listing Rules, as applicable, in order to provide the necessary information for the launch of the Offer and is addressed to the Shareholders in FIMBank.

In accordance with the Listing Rules, the Listing Authority has been duly informed of the launch of the Offer, and of the contents of this Offer Document. Such communication does not imply and cannot be interpreted to mean that the Listing Authority has in any manner approved, ratified, or otherwise accepted any responsibility whatsoever for the contents of this Offer Document, or that it makes or has made any representations as to the accuracy or completeness of this document.

### **2.2 RELIANCE**

Shareholders must rely upon their own examination of this Offer Document, which should be studied carefully in order to ensure that a well-considered judgment is made in relation to the Offer and of the information contained herein. Shareholders are urged to seek the advice of financial, tax and legal advisors in this process, but they can rely solely on the information being provided in this Offer Document for legal purposes.

No person or entity other than the Offerors, and persons authorised by the Offerors, is entitled or authorised to provide any information or to make any representations in connection with the Offer. The Offerors will not accept responsibility for any consequences arising from use or reliance on any unauthorised representation or information. All costs connected directly or indirectly with the advice of financial, tax, legal and/or other professionals that may be sought by or offered to individual Shareholders in connection with this document and the information contained herein, shall be borne by the Shareholders concerned.

### **2.3 RESPONSIBILITY STATEMENTS**

The Offerors specifically represent that, to the best of their knowledge, all information contained herein is accurate as at the date of this Offer Document. This Offer Document should be read in conjunction with the Schedules attached hereto. Other than in the case of Section 8, *Offerors' Intentions with Regard to Future Business*, the information provided herein relating to FIMBank is based on material available to the public.

This document includes information given in compliance with Chapter 11 of the Listing Rules, as applicable, for the purpose of giving information with regard to the Offer. All the directors of the Offerors whose names appear in Sections 6.1 and 6.2 of this Offer Document, accept responsibility for the information contained in this Offer Document which, to the best of their knowledge and belief, is considered accurate as of the date of this Offer Document.

## **2.4 PUBLICATION AND DISSEMINATION OF THE OFFER DOCUMENT**

This Offer Document is being made available, free of charge, as follows:

- (i) In printed form, sent by mail, to all Shareholders appearing on the Register at the Central Securities Depository of the MSE as at the Record Date; and
- (ii) In electronic form on FIMBank's website at [www.fimbank.com](http://www.fimbank.com) and on the website of RFC, in its capacity as Manager, Registrar, Collecting Agent and Paying Agent, at [www.rizzofarrugia.com](http://www.rizzofarrugia.com).

The publication, dispatch, distribution or dissemination of the Offer Document or any other documents related to the Offer outside of Malta may result in the applicability of the laws of jurisdictions other than Malta and may be subject to legal restrictions in such other jurisdictions.

The Offer Document as well as any other documents related to the Offer, notwithstanding their publication on the internet, are not designated for publication, dispatch, distribution or dissemination in jurisdictions other than Malta and are being dispatched outside Malta solely and exclusively to Shareholders who are already members of FIMBank. The Offerors have not authorised any third person to publish, dispatch, distribute or disseminate this Offer Document as well as any other documents relating to the Offer outside of Malta.

## **2.5 ACCEPTANCE OF OFFER OUTSIDE OF MALTA**

The Offer can be accepted by all Maltese and non-Maltese Shareholders in accordance with the terms and provisions set out in this Offer Document and the respective applicable legal provisions. However, the Offerors point out that the acceptance of the Offer outside of Malta may be subject to legal restrictions. Shareholders who are in possession of this Offer Document outside of Malta, who wish to accept the Offer outside of Malta and/or who are subject to legal provisions other than the legal provisions applicable in Malta are advised to inform themselves of the relevant applicable legal provisions and to comply with them. The Offerors assume no responsibility for the acceptance of the Offer outside of Malta being permissible under the relevant applicable legal provisions.

## **2.6 LANGUAGE OF OFFER DOCUMENT**

This Offer Document is produced in the English language only.

## **2.7 STATEMENTS IN THE OFFER DOCUMENT**

Except as otherwise stated, references to time in this Offer Document are references to local time in Malta. To the extent that expressions such as "currently", "at the present time", "at the moment", "now", "at present" or "today" are used in this Offer Document, they refer to the date of publication of this Offer Document, i.e. 9<sup>th</sup> December 2013, except as otherwise expressly stated.

The Offerors have not authorised third parties to make statements about the Offer or this Offer Document. If third parties nevertheless make such statements, these shall neither be attributable to the Offerors, nor to any persons acting jointly with the Offerors.

The Offerors cannot rule out that the information regarding FIMBank described in this Offer Document has changed since its disclosure to the Offerors or its publication, respectively.



## **2.8 FORWARD-LOOKING STATEMENTS AND INTENTIONS OF THE OFFERORS**

This Offer Document and the documents referred to herein contain certain forward-looking statements. Such statements may, in particular, be indicated by terms such as “expects”, “intends”, “assumes” and “endeavours”. Such statements express intentions, views or current expectations of the Offerors with regard to possible future events. Particulars, views, intentions and forward-looking statements are, except as otherwise expressly stated, based on certain information available to the Offerors on the date of this Offer Document and on certain assumptions, intentions and assessments made by the Offerors at that time. They are subject to normal risks and uncertainties and actual future events may thus be materially different from the views expressed or implied in such forward-looking statements. There can be no assurance that the intentions and assessments contemplated in the forward-looking statements contained in this Offer Document will occur. Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward-looking statements.

## **2.9 NO UPDATES**

The Offerors will update this Offer Document only to the extent permitted and required under the Listing Rules.

## **2.10 PROFESSIONAL ADVISORS**

Fenech & Fenech Advocates are acting as legal advisors to the Offerors in connection with this Offer and have assisted the Offerors in the preparation of this Offer Document. Fenech & Fenech Advocates will not be responsible to any person or Shareholder other than the Offerors for providing any advice in relation to the Offer.

RFC are acting as Manager, Registrar as well as Collecting Agent and Paying Agent in connection with the Acceptance process.

Fenech & Fenech Advocates and RFC do not provide any guarantees, and are not responsible in any manner whatsoever with respect to the accuracy or completeness of the information provided herein.

## **2.11 INDEPENDENT EXPERT**

Ernst & Young Malta Limited has been engaged as independent expert to report on whether the Offerors have sufficient resources to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer, as contemplated in Listing Rules 11.23 and 11.24.

A copy of the report is duly appended hereto as Schedule 2.

## 2.12 SUMMARY OF THE OFFER

The following summary contains an overview of selected particulars set out in this Offer Document. It is supplemented by, and should be read in conjunction with, the information and particulars set out elsewhere in the Offer Document. Therefore, this summary does not contain all information that may be relevant for Shareholders in connection with the Offer. For this reason, Shareholders should carefully read the entire Offer Document.

Offerors	Burgan and UGB, jointly and acting in concert.
Offeree Company	FIMBank p.l.c. (FIMBank).
Subject matter of the Offer	Each of the 89,994,735 fully-paid ordinary shares issued by FIMBank with a nominal value of USD 0.50 not already held by Burgan or UGB.
Offer Price	USD 0.95 per Share.
Completion Conditions	The Offer and the agreements which come into existence as a result of a FIMBank Shareholder accepting the Offer are subject to the fulfilment of the Completion Conditions set out in Section 4.4 of this Offer Document, and namely: (i) the obtaining by the Offerors of any and all necessary regulatory approvals in Malta, Bahrain and/or Kuwait unless already obtained and (ii) unless otherwise waived by the Offerors, a minimum acceptance threshold of such number of Shares as is necessary to give the Offerors Control of FIMBank. The Offer shall lapse in the event that the Completion Conditions are not satisfied by three calendar days from the end of the Acceptance Period.
Acceptance Period	From 8:30 hours on 16 <sup>th</sup> December 2013 to 17:00 hours on 20 <sup>th</sup> January 2014, Malta local time.
Acceptance	Acceptance of the Offer must be declared in written form by the relevant Shareholder by completing and signing the Acceptance Form and lodging same with the Registrar during the Acceptance Period. Transfer of the Shares tendered by Shareholders pursuant to an Acceptance Form, settlement, and the Offerors' obligation to pay the Offer Price in respect of same is subject to the Completion Conditions.
Cost of Acceptance	Acceptance of the Offer may be further subject to taxes as explained in Section 9 <i>Tax Considerations</i> , the costs and expenses in relation to professional advice sought by each Shareholder which shall be borne by such Shareholder as explained in Section 2.2 <i>Reliance</i> , and bank charges as explained in clause 6(d)i of the Acceptance Form.
Publication of the Offer Document	This Offer Document shall be mailed to all Shareholders and shall be available in electronic form at <a href="http://www.fimbank.com">www.fimbank.com</a> and <a href="http://www.rizzofarrugia.com">www.rizzofarrugia.com</a> .
Results	Information regarding the level of Acceptances received as a result of the Offer shall be made public by not later than ten calendar days from the closing of the Acceptance Period. Transfer of ownership in respect of the tendered Shares and settlement by the Paying Agent shall take place by not later than three trading days from announcement of the results of the takeover bid by the Offerors and such settlement shall be publicly announced on the MSE.

### 3 BACKGROUND TO THE OFFER

On the 13<sup>th</sup> March 2012, FIMBank had announced that it was informed by its then largest shareholder, Massaleh Investments K.S.C.C. of Kuwait (“**Massaleh**”), that it had granted Burgan the right to acquire its holding in FIMBank of 52,948,867 shares, then equivalent to 38.8% of FIMBank’s issued share capital. On its part, Burgan had informed FIMBank’s Board of Directors of its intention to inject new equity in FIMBank to increase its prospective holding to above 50% of FIMBank’s issued share capital, at terms and conditions that were to be presented to the FIMBank Board for its evaluation and consideration.

At their meeting in Mumbai, India of 12<sup>th</sup> March 2012, the FIMBank Directors received a presentation by Burgan of its plans and agreed to invite Burgan to proceed with submitting its formal proposal for the consideration of the Board of FIMBank. At that time FIMBank had also announced that the proposed transfer of Massaleh’s shareholding to Burgan, the injection of new equity and a prospective offer which Burgan may consequently make to all remaining shareholders, will all be subject to satisfactory conclusion by Burgan of the due diligence process on FIMBank undertaken by Burgan, the necessary final approvals, disclosures and/or opinions of the respective boards of directors, the relevant supervisory authorities in Malta and Kuwait and the General Meeting of FIMBank.

Following discussions between UGB and Burgan, and as was announced by FIMBank on the 22<sup>nd</sup> November 2012, the Offerors decided to make a joint offer to FIMBank in November 2012 adopting a multi-step approach culminating in a rights issue to increase FIMBank’s capital and in Burgan and UGB potentially acquiring a controlling interest in the Bank. It was announced at the time that initially, the Offerors would acquire an aggregate of 37.56% of FIMBank’s capital through a combination of debt-to-asset swap as well as an outright acquisition, both with Massaleh.

Concurrently, UGB would provide a loan of USD 60 million to FIMBank (the “**Convertible Loan**”) which may, at UGB’s option, be converted into newly issued listed shares of FIMBank. The Convertible Loan was divided into two equal tranches, the first of which would be convertible at a price of USD 0.83 per share and the second tranche would be convertible at a price equivalent to the book value of the ordinary shares of FIMBank, based on the latest published audited financial statements before such conversion, which conversion price being however capped at USD 0.90 per share. It was also announced in November 2012 that UGB was also expected to launch a bid to all the shareholders of FIMBank for all of their shares as part of the process.

At the end of this multi-step approach FIMBank would launch a rights issue to raise a minimum of USD 100 million on terms that would eventually have to be determined and announced by FIMBank. In terms of the joint offer made to FIMBank by the Offerors, each of UGB and Burgan undertook to subscribe in full to all the new ordinary shares to which they will be entitled under the said rights issue.

The joint offer by UGB and Burgan, which was subject to a number of conditions including that all necessary regulatory and corporate approvals are obtained, including in Malta, Bahrain and Kuwait, further stipulated that the Offerors would not require or implement any material changes to FIMBank’s then current business model as a trade finance specialist while FIMBank would not issue any new shares, except for the current Executive Share Options, that may dilute the Offerors’ proposed shareholding in FIMBank.

During a meeting held on the 21<sup>st</sup> November 2012 the Board of Directors of FIMBank resolved to recommend that certain issues relating to the joint offer received from the Offerors be presented to an Extraordinary General Meeting of the shareholders of FIMBank for their consideration and said meeting was duly convened for the 31<sup>st</sup> January 2013.

FIMBank's President Ms. Margrith Lütschg-Emmenegger and Burgan's Chief Executive Officer Mr. Edoardo Eguren Linsen delivered presentations to the FIMBank shareholders convened in Extraordinary General Meeting about the proposed multi-step approach and the shareholders approved the extraordinary resolutions on the agenda for the meeting, namely to approve the joint offer received from Burgan and UGB, to grant to FIMBank's Directors authority to issue equity securities and to restrict or withdraw statutory pre-emption rights as well as to amend FIMBank's Memorandum of Association to increase FIMBank's authorised share capital.

Following shareholder approval, on the 29<sup>th</sup> and 31<sup>st</sup> May 2013, the Malta Financial Services Authority confirmed by letter to the Offerors that it has no objection in terms of the Banking Act to the multi-step approach presented in the joint offer made by the Offerors to FIMBank in November 2012. Each of Burgan and UGB have received from the respective regulatory authorities in Kuwait and Bahrain in-principle approvals necessary for the Offerors to proceed with making the Offer subject of this Offer Document.

On the 30<sup>th</sup> May 2013 FIMBank announced that it was informed that a share purchase agreement has been entered into between Massaleh and Kuwaiti Interests for Development Holding Co. on the one hand, and Burgan and UGB on the other hand, in terms of which the parties agreed that, subject to satisfaction of a number of conditions, Burgan would acquire 35,000,000 ordinary shares in FIMBank and UGB would acquire 17,948,867 ordinary shares in the FIMBank.

Burgan and UGB acquired these shares on the 20<sup>th</sup> June 2013 so that Burgan became the holder of 24.49% and UGB became the holder of 12.56% of the ordinary shares in FIMBank. The Convertible Loan Agreement between UGB and FIMBank, together with other attendant documents, was also signed on the 20<sup>th</sup> June 2013.

Following the disbursement by UGB of the first USD 30 million tranche under the Convertible Loan, on the 4<sup>th</sup> July 2013 FIMBank announced that it had received notice from UGB of the latter's intention to exercise its option to convert the first tranche under the Convertible Loan including any interest accrued up to the 29<sup>th</sup> July 2013 into 36,254,567 new ordinary shares in FIMBank that would increase UGB's holding in FIMBank to 30.25%, therefore having an aggregate shareholding with Burgan of 49.78%.

The new ordinary shares were duly issued and allotted to UGB on the 29<sup>th</sup> July 2013 and admitted to listing on the MSE.

In pursuit of the joint offer that the Offerors had submitted to FIMBank's Board of Directors in November 2012, the approval by the Extraordinary General Meeting of FIMBank's shareholders in January 2013, and the acquisition, including through the conversion by UGB of the first USD 30 million tranche under the Convertible Loan in July 2013, the Offerors are now submitting their joint voluntary public takeover bid (cash offer) in respect of all the issued shares in FIMBank not already held by Burgan or UGB.

As at the date of this Offer Document the shares in FIMBank currently held by the Offerors amount to:

Burgan	35,000,000	19.53%
UGB	54,203,434	30.25%

## **4 OFFER TERMS**

### **4.1 OFFER AND OFFER PRICE**

The Offerors hereby offer to purchase and acquire all issued ordinary shares in FIMBank that are not already held by the Offerors, having a nominal value of USD 0.50 per share, at the Offer Price of USD 0.95 per Share subject to the terms and conditions set out in this Offer Document.

In determining the Offer Price, the Offerors have considered in particular the net asset value per share in FIMBank with reference to the net assets as reported in the Condensed Interim Financial Statements of FIMBank as at the 30<sup>th</sup> June 2013 and divided by the number of shares in issue in FIMBank as at that date. The Offer Price represents a premium of USD 0.1348 over the net asset value per share in FIMBank calculated as aforesaid.

Any Shareholders who intend to accept the Offer are directed to specifically read and peruse the Expert's Report on the consideration offered which is appended to this Offer Document in Schedule 2. It is declared and confirmed that the Independent Expert who has drawn up the Expert's report is independent of the Offerors and FIMBank.

The Offerors reserve the right to increase the Offer Price as allowed in terms of Listing Rule 11.66.

### **4.2 LEGAL CHARACTER**

The Offer is a joint voluntary takeover bid for cash made by the Offerors for the Shares not already held by them.

### **4.3 JOINT OFFER**

The Offer is being made jointly by Burgan and UGB. Provided that all Acceptances are honoured in terms of this Offer Document by Burgan and/or UGB, Burgan and UGB shall jointly determine at their discretion how many Shares as a result of such Acceptances shall be acquired by each of them so that either one of them may acquire all of the Shares as a result of such Acceptances subject to the necessary regulatory approvals from their respective regulators in Kuwait and Bahrain.

### **4.4 COMPLETION CONDITIONS AND LAPSE OF OFFER**

The Offer is being made subject to the following completion conditions:

- (i) the obtaining by the Offerors of any and all necessary regulatory approvals in Malta, Bahrain and/or Kuwait, unless already obtained; and
- (ii) unless waived by the Offerors at their sole discretion, a minimum acceptance threshold of at least such number of Shares as is necessary to give the Offerors Control of FIMBank.

The Offer shall lapse in the event that the Completion Conditions, are not satisfied by three calendar days from the end of the Acceptance Period.

### **4.5 FINANCING OF BID**

The Offer will be financed by the Offerors from their existing resources.

#### **4.6 ACCEPTANCE PERIOD**

The Offer shall be valid from the 16<sup>th</sup> December 2013 at 08:30 hours until the 20<sup>th</sup> January 2014 at 17:00 hours, both days included.

The Offerors expressly reserve the right to extend the Offer Period for a total maximum acceptance period of ten weeks. Any extensions to the Offer Period shall be announced at 09:00 hrs of the business day following the expiration of the previously announced Offer Period.

#### **4.7 SQUEEZE-OUT RIGHTS AND SELL-OUT RIGHTS**

The Listing Rules provide for specific rules on squeeze-out rights and sell-out rights, pursuant to which any person who acquires at least 90% of the voting rights in a listed company has the right to require all the remaining shareholders to transfer their shares to the Offerors at a fair price. Likewise, if the Offerors acquire at least 90% of the shares in FIMBank, the remaining shareholders can require the Offerors to also acquire their shares at a fair price.

#### **4.8 COMPENSATION OF LOSS OF CERTAIN RIGHTS**

Clause 6A of the Memorandum of Association of FIMBank inter alia provides that as long as the International Finance Corporation (“IFC”), an international organisation and member of the World Bank Group, holds one or more shares in FIMBank, IFC shall have a right to nominate one director to the Board of Directors of FIMBank by notice in writing to the Company Secretary of FIMBank.

In terms of Listing Rule 11.56, if following the Offer, the Offerors will hold 75% or more of the capital carrying voting rights in FIMBank, IFC’s right to nominate one director to the Board of Directors of FIMBank shall no longer apply.

Listing Rule 11.22.5 requires the Offer Document to state the compensation offered to IFC in the case that the 75% threshold is achieved, including particulars of the way in which that compensation is to be paid and the method employed in determining it. The Offerors have undertaken in favour of IFC to take any and all corporate action at FIMBank’s next Annual General Meeting to reconfirm IFC’s right to nominate one director to the Board of Directors of FIMBank under Clause 6A of the Memorandum of Association of FIMBank in the event that IFC’s right to appoint one director no longer applies. Accordingly, should such right be reconfirmed as aforesaid, no compensation shall be due to IFC.

In the event that the 75% threshold is achieved, IFC is still a Shareholder, and such IFC right is not reinstated as aforesaid, the Offerors will pay IFC a compensation of USD 50,000. This compensation has been determined with reference to the aggregate amount of Directors’ fees payable to the Directors of FIMBank over a two-year period being approximately USD 600,000 divided by the number of Directors being eleven of which IFC can appoint one.

#### **4.9 VOLUNTARY BID**

The Offer is a joint Voluntary Bid in terms of the Listing Rules where the Offer Price is determined by the Offerors. This Offer is therefore not a Mandatory Bid where the Offerors would have been required to offer to shareholders an “equitable price” calculated in terms of the Listing Rules.

## **5 ACCEPTANCE**

### **5.1 ELIGIBILITY**

The Offer is being made to Shareholders on the terms and conditions as set out in this Offer Document.

All Shareholders registered in the Register as at the Record Date are eligible to accept the Offer. However, the Offer is limited to the number of shares held by the Shareholders as at the Record Date.

During the Acceptance Period, trading in FIMBank shares will not be suspended. Each Shareholder accepting the Offer must ensure that any Shares which are the subject of an Acceptance of the Offer will be retained by the Shareholder and that they will remain freely transferrable (to the Offerors) and unencumbered after such Acceptance.

### **5.2 ACCEPTANCE**

Shareholders may accept the Offer being set forth in this Offer Document by lodging the Acceptance Form, attached as Schedule 1 to this Offer Document, with the Registrar. While the Offer is subject to the satisfaction of the Completion Conditions, the acceptance of the Offer by any Shareholder is unconditional and irrevocable.

Shareholders have the option to accept the Offer either in part or in full. Shareholders should complete the relevant section of the Acceptance Form, indicating their preference. In addition, Shareholders should read all the Terms and Conditions listed as part of the Acceptance Form.

In the case where the Acceptance Form is issued to joint Shareholders, reference to the Shareholder in this Offer Document is a reference to each Shareholder, and liability thereof is joint and several.

### **5.3 NOTICES**

This Offer Document and accompanying documentation will be mailed to the Shareholders at their registered address as stated in the Register as at the Record Date.

For Shareholders residing in Malta it shall be deemed to have been served at the expiration of two calendar days after such mailing and for non-resident Shareholders it shall be deemed served and notified at the expiration of five calendar days after such mailing.

Save where the context otherwise requires, terms defined in the Offer Document bear the same meaning when used in the Acceptance Form.

### **5.4 ACCEPTANCE FORM**

The Offerors have mandated RFC, as Manager, to mail to all Shareholders a copy of this Offer Document together with a pre-printed Acceptance Form. Shareholders wishing to accept the Offer shall return the Acceptance Form in original to RFC before the lapsing of the Acceptance Period.

The Acceptance Form details the number of Shares held by the Shareholder as at the Record Date.

It is then supplemented by instructions, in connection with the option available to Shareholders to accept the Offer in full or only in part.

The Acceptance Form, once duly completed and executed by the Shareholder, but subject to the satisfaction of the Completion Conditions as aforesaid, shall constitute a binding contract between the Offerors and the Shareholder whereby the Shareholder shall be bound to surrender the specified number of Shares in favour of UGB or Burgan, as shall be determined by UGB and Burgan in their discretion, and UGB or Burgan, as the case may be, shall be bound to effect payment thereof at the Offer Price.

## **5.5 PAYMENT**

The Offer Price is payable in cash through the Paying Agent by direct credit in USD if the Shareholder indicates a valid USD-denominated account on the Acceptance Form. If no such (USD) bank account number is provided, Shareholders resident in Malta will receive settlement by means of a cheque mailed to their address indicated in the Acceptance Form. In the case of Shareholders who do not hold a Maltese address, a (USD) bank account is mandatory and failure to provide such an account will render the Acceptance Form null and void.

Transfer of ownership in respect of the tendered Shares and settlement by the Paying Agent shall take place by not later than three trading days from announcement of the results of the takeover bid by the Offerors and such settlement shall be publicly announced on the MSE.

## **5.6 ACCEPTANCE PERIOD**

Shareholders will be entitled to accept the Offer from 08:30 hours on 16<sup>th</sup> December 2013 until 17:00 hours on 20<sup>th</sup> January 2014.

## **5.7 RIGHT TO REJECT**

Subject to all other terms and conditions set out in this Offer Document, the Offerors reserve the right to refuse any Acceptance Form which in their opinion is not properly completed in accordance with relevant instructions or is not accompanied by the required documentation. The Acceptance Form will be accepted in original only and photocopies/facsimile copies will not be accepted.

A Shareholder may remain passive and take no action to reject the Offer. If the Offer is not validly taken up by the Shareholder by the closing date of the Acceptance Period, this shall be deemed as a rejection of the Offer by the Shareholder and his eligibility would have consequently lapsed.

## **5.8 RESULTS**

Information regarding the level of Acceptances received as a result of the Offer shall be made public by not later than ten calendar days from the closing of the Acceptance Period. Transfer of ownership in respect of the tendered Shares and settlement by the Paying Agent shall take place by not later than three business days from announcement of the results of the takeover bid by the Offerors and such settlement shall be publicly announced on the MSE.



## 6 INFORMATION ON THE OFFERORS

### 6.1 BURGAN

Burgan is headquartered in Kuwait, where it is the third largest bank ranked by asset size. Its main focus is on commercial banking and financial institutions, with growing retail and private banking franchises offered in Kuwait. It controls majority-owned banks in Jordan, Algeria, Iraq, Tunisia and Turkey, where it recently acquired Eurobank Tekfen (presently known as Burgan Bank-Turkey). The Burgan Bank Group is the commercial banking arm of the KIPCO Group.

As at 30<sup>th</sup> June 2013, in USD equivalent, Burgan had assets of USD 22.7 billion, equity of USD 1.8 billion and underlying net income, for the first half of 2013, of USD 99 million.

The cost/income ratio was 43.9% and the ratio of loans to customer deposits was 83.1%, while the Capital Adequacy Ratio stood at 17.6%. Burgan is rated BBB+/A3 by S&P and Moody's, respectively. Burgan is listed on the Kuwait Stock Exchange, with a market capitalization of about USD 3.2 billion. Following the 2011 financial year, as profits were restored to levels before the start of the international financial crisis of 2008, Burgan returned its focus on value-creation and growth by realising the growth potential in Kuwait and diversifying into higher growth markets abroad. KIPCO's diversification objective is also to seek growth from international markets. The aim is to expand mainly through activities related to commercial banking, organically through Burgan's current subsidiaries by improving profitability through higher market share but without altering risks, or inorganically through acquisitions, such as Eurobank Tekfen and FIMBank. Growth is also expected to materialise from countries where Burgan does not have a physical presence, particularly in the Gulf region. A strong balance sheet and financial performance will remain a key objective.

Burgan will keep its focus on group operational and efficiency and business synergies.

The Board of Directors of Burgan, elected on the 1<sup>st</sup> April 2013 for a three-year term, is currently composed of the following:

<b>Majed Essa Al-Ajeel</b>	Chairman
<b>Mohammed Abdul Rahman Al Bisher</b>	Vice Chairman
<b>Abdul Salam Mohd. Al Bahar</b>	Member
<b>Massoud Hayat</b>	Member
<b>Faisal Al Radhwan</b>	Member
<b>H.E. Abdul Karim Kabariti</b>	Member
<b>Pinak Maitra</b>	Member
<b>Samer Khanachet</b>	Member
<b>Saudoun Abdullah Al Ali</b>	Member

The executive management of Burgan is currently composed of the following:

<b>Eduardo Eguren</b>	Group Chief Executive Officer
<b>Adrian Gustoski</b>	Group Chief Operating Officer
<b>Khaled Al-Zouman</b>	Group Chief Financial Officer
<b>Steve Reece</b>	Group Chief Risk Officer
<b>Raed Al-Haqhaq</b>	Chief Banking Officer
<b>Venkant Menon</b>	Chief Operations Officer
<b>Halah El-Sherbini</b>	Group Human Resources & Development Officer
<b>Mahmoud Ezzat</b>	Chief Legal Counsel
<b>Elyas Nasser</b>	Head of Group Strategic Business Development & Chief of Staff
<b>Hanan Metwali</b>	Head of Group Compliance
<b>Bashir Jaber</b>	Head of Group Corporate Communications & Investor Relations
<b>Huda Al-Shemmeri</b>	Head of Strategic Business Operations
<b>Anil Sunal</b>	Head of International Operations

Burgan Bank is a public shareholding company incorporated in the State of Kuwait by an Amiri Decree dated 27 December 1975. It is listed on the Kuwait Stock Exchange and registered as a Bank with the Central Bank of Kuwait.

Burgan is a subsidiary of Kuwait Projects Company Holding K.S.C. (KIPCO) which holds 41% therein.

Further information on Burgan is available at [www.burgan.com](http://www.burgan.com).

## 6.2 UGB

UGB is headquartered in Bahrain, but over 90% of its assets are located outside Bahrain. Its main focus is on asset management, investment banking and brokerage services. One of UGB's roles in the KIPCO Group is to assess investment opportunities, kick-start green field projects and companies until they achieve profitability, and take responsibility of their management. UGB has earned a track record of establishing, investing in, growing and managing commercial banks across the MENA region with such banks recording sustainable growth and profitability.

UGB owns an 86% stake in KAMCO (KIPCO Asset Management Company; based and listed in Kuwait), a 17% stake in Burgan, a 30% stake in FIMBank, a 20% stake in United Real Estate Company, based and listed in Kuwait and a 77% stake in United Gulf Financial Services - North Africa (UGFS-North Africa; based in Tunisia), as well as several non-majority stakes in financial and non-financial companies across the MENA region.

As at the 30<sup>th</sup> June 2013, in USD equivalent, UGB had assets of USD 1.3 billion, assets under management of USD 9.2 billion, equity of USD 481.8 million and net profit, for the first half of 2013, attributable to shareholders' of its parent of USD 9.7 million. The Capital Adequacy Ratio stood at 27%.

UGB is rated BBB by Capital Intelligence. UGB is listed on the Bahrain Bourse, with a market capitalization of about USD 400 million.

The Board of Directors of UGB is currently composed of the following:

<b>Masaud M. J. Hayat</b>	Chairman
<b>Faisal Hamad M. Al-Ayyar</b>	Vice Chairman
<b>Samer Khanachet</b>	Executive Director
<b>Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah</b>	Executive Director
<b>Mohammed Haroon</b>	Non-Executive Director
<b>Mubarak Mohammed Al-Maskati</b>	Independent Director
<b>Faick Al Saleh</b>	Independent Director
<b>Bader Al Awadi</b>	Independent Director

The executive management of UGB is currently composed of the following:

<b>Rabih Soukarieh</b>	Chief Executive Officer
<b>Hussain A. Lalani</b>	Assistant General Manager, Chief Financial Officer
<b>Mohammed Alqumaish</b>	Senior Vice President, Corporate Secretary and Head of Internal Audit & Quality Assurance
<b>Deepa Chandrasekhar</b>	Senior Vice President, Chief Compliance Officer
<b>Syed Rehan Ashraf</b>	Senior Vice President, Head of Credit & Risk Management
<b>Ameer Ali Bu Hussayen</b>	Vice President, Head of Operations
<b>Yasser Al Saad</b>	Vice President, Head of Treasury

Further information on UGB is available at [www.ugbbah.com](http://www.ugbbah.com).

### 6.3 KUWAIT PROJECTS COMPANY (KIPCO)

Both Offerors form part of the KIPCO Group, one of the biggest and most diversified holding companies in the Middle East and North Africa. The group has significant ownership interests in a portfolio of over 60 companies across more than 24 countries. The principal subsidiaries and associates of KIPCO operate in the financial services (commercial banking, insurance and asset management) and real estate sectors. KIPCO also has joint venture interests in the media sector. It also has various investments in the services, industrial and other sectors. Burgan and UGB are KIPCO's largest and third largest investments, respectively.

As at 30<sup>th</sup> June, 2013, KIPCO had consolidated assets of USD 26.8 billion, shareholders' equity of USD 2.0 billion and annualized net profit of USD 127 million. KIPCO is rated BBB-/Baa3 by S&P and Moody's, respectively.

KIPCO is listed on the Kuwait Stock Exchange. KIPCO's principal shareholders are Al Futtooh Holding Company (AFH), a company owned by members of Kuwait's ruling family. AFH along with its affiliates holds a 63% stake in KIPCO, of which 45% is a direct stake.

KIPCO is a long-term investor that actively supervises the companies it invests in. Its objective is not to dispose of a company once a capital gain could be registered.

It targets companies with a potential for strong growth and high profitability, while diversifying its sources of revenues/exposures. KIPCO is actively guiding Burgan's strategy to become a regional player. KIPCO fosters collaboration/exchanges between the different companies where it owns a controlling stake.

The Board of Directors of KIPCO, elected on the 30<sup>th</sup> March 2011 for a three-year term, is currently composed of the following:

<b>Sheikh Hamad Sabah Al Ahmad Al Sabah</b>	Chairman
<b>Faisal Hamad Al Ayyar</b>	Vice Chairman
<b>Abdullah Yacoub Bishara</b>	Member
<b>Sheikh Abdullah Nasser Sabah Al Ahmad Al Sabah</b>	Member
<b>Sheikh Sabah Nasser Sabah Al Ahmad Al Sabah</b>	Member

The executive management of KIPCO is currently composed of the following:

<b>Samer Khanachet</b>	Group Chief Operating Officer
<b>Masaud Mahmoud Jowhar Hayat</b>	Chief Executive Officer, Banking
<b>Tariq Mohammad Abdulsalam</b>	Chief Executive Officer, Investments
<b>Pinak Maitra</b>	Group Chief Financial Officer
<b>Khaled Abdul Jabbar Al Sharrad</b>	Group Chief Human Resources and Administration Officer
<b>Mohsen Ali Husain</b>	Group Chief Internal Auditor
<b>Mazen Isam Hawwa</b>	Group Senior Vice President, Finance and Operations
<b>Declan Sawey</b>	Group Treasurer
<b>Osama Talat Al-Ghoussein</b>	Senior Vice President, Banking
<b>Robert Drolet</b>	Senior Vice President, Technology and Media
<b>Adel Jassem Al Waqayan</b>	Treasurer
<b>Robert Hipkins</b>	Group Communications Director
<b>Iqbal Mohamed</b>	President, United Gulf Management Inc. Boston, USA

As of 30 June 2013, KIPCO's authorised, issued and paid-up capital was USD 491.6 million, consisting of 1,403,402,571 shares of USD 0.350 each. KIPCO's shares are listed on the Kuwait Stock Exchange ("KSE"). At the close of the KSE on 30 June 2013, KIPCO's share price was USD 1.752 per share, giving it a market capitalisation of USD 2,458.2 million.

Further information on KIPCO is available at [www.kipco.com](http://www.kipco.com).

## 7 INFORMATION ON FIMBANK

### 7.1 GENERAL INFORMATION ABOUT FIMBANK

Legal Name	FIMBank p.l.c.
Company Registration Number	C-17003
Registered Address	Mercury Tower, The Exchange Financial & Business Centre Elia Zammit Street, St. Julians STJ 3155 Malta
Legal Form	Public Limited Liability Company

### 7.2 HISTORY

FIMBank p.l.c. was incorporated in Malta on 8 November 1994 as First International Merchant Bank Limited for an unlimited duration under the Commercial Partnerships Ordinance, 1962 (Cap. 168, Laws of Malta), and with effect from 31 December 1997 complied with the Companies Act, 1995 under which it is currently regulated.

The status of FIMBank was changed from a private limited liability company to that of a public limited liability company (p.l.c.) on 28 April 2001. FIMBank's ordinary shares were then offered to the public and admitted to the Official List of the Malta Stock Exchange on 22 June 2001.

FIMBank changed its name from First International Merchant Bank p.l.c. to FIMBank p.l.c. on 13 May 2005.

FIMBank is licensed by the MFSA under the Banking Act, 1994 as a credit institution and is authorised to provide full banking services in all currencies.

The Bank principally provides international trade finance and acts as an intermediary to other financial institutions for international settlements, forfaiting, factoring and loan syndications. FIMBank is a specialist in documentary credit related operations including but not limited to the opening and negotiating of documentary letters of credit, the issue of performance bonds and bank guarantees and discounting of bills of exchange.

FIMBank established an international factoring department in 2006 designed to serve customers in Malta and in the Mediterranean region as well as to provide back office operations to FIMBank's factoring joint ventures. A specialised technology platform for factoring services was successfully customised and implemented in Malta and is being used by FIMBank's factoring joint ventures.

Specialist services relating to shipping finance, and in particular to pre-demolition ship finance, are provided from FIMBank's London and Dubai offices respectively.

FIMBank is actively pursuing its strategy to increase its factoring joint-venture network in China and Slovenia, with a view to further diversify its trade finance products in emerging markets. To complement its mainline trade finance activities, FIMBank intends to diversify its offering into private banking services.

FIMBank has also been awarded an Investment Services Licence in terms of Article 5 of the Investment Services Act, 1994 which licence is currently in voluntary suspension.

### **7.3 BOARD OF DIRECTORS**

The board of Directors of FIMBank is currently composed of 11 directors. As at the date of the Offer Document, the Board of Directors of FIMBank is composed of the following persons:

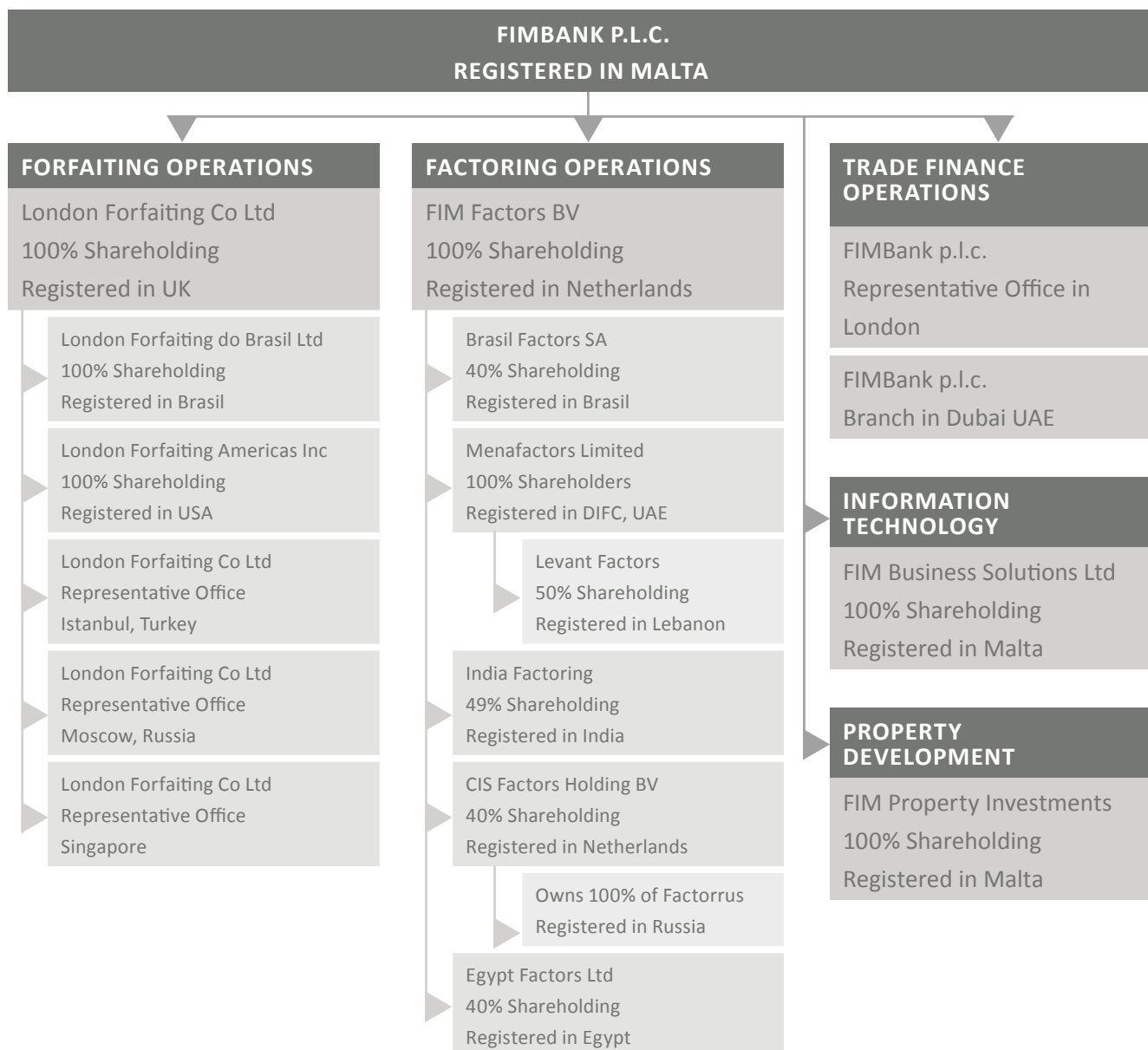
Dr. John C. Grech (Chairman)  
Mr. Masaud M.J. Hayat  
Mr. Majed Essa Ahmed Al-Ajeel  
Mr. Eduardo Eguren Linsen  
Mr. Adrian Alejandro Gostuski  
Mr. Rabih Soukarieh  
Mr. Mohamed Fekih  
Mr. Mohammed I.H. Marafie  
Mr. Fouad M.T. Alghanim  
Mr. Hamad M.B.M. Al-Sayer  
Mr. Rogers David LeBaron

The office of company secretary is currently occupied by Dr. Andrea Batelli.

## 7.4 CORPORATE STRUCTURE

FIMBank currently has a number of subsidiaries through which it predominantly carries out factoring, forfaiting and trade finance operations.

FIMBank’s corporate structure as at the date of this Offer Document is as follows:





**7.5 INTEREST OF MAJOR SHAREHOLDERS**

At the date of this Offer Document, the shareholders holding 5% or more of the issued share capital of FIMBank as listed on the Malta Stock Exchange are the following:

	%
United Gulf Bank B.S.C.	30.25%
Burgan Bank S.A.K.	19.53%

## **8 OFFERORS' INTENTIONS WITH REGARD TO FUTURE BUSINESS**

### **8.1 VISION AS A BUSINESS**

The Offerors' vision for FIMBank, should they acquire Control, is that FIMBank's current ambitions and aspirations will not change. The vision is for FIMBank to be a leading trade finance bank and the increased resources available with the new shareholders aims to turn this vision into reality. The focus will be on developing and strengthening existing opportunities further. Subsequently, as retained earnings accumulate and a longer track record is established, FIMBank should broaden the scope of its activities, while remaining focused on trade finance.

The Offerors do not intend to implement any material changes to the general business of FIMBank which will remain centred around trade finance. Accordingly, it is not presently anticipated that any material changes to the current conditions of employment for FIMBank employees or current levels of employment will be required should the Offerors acquire Control of FIMBank. The Offerors intend to retain FIMBank's head office and existing operations in Malta.

### **8.2 MEMBER OF THE KIPCO GROUP**

FIMBank will become the trade finance centre of excellence within the KIPCO Group, a strong complement to the Offerors focus on the balance-sheet-based commercial lending and the trading activities of KIPCO. This will include the development of trade finance expertise in the group companies to optimize synergies and seize mutual opportunities. FIMBank will remain an independent institution, with its own decision-making ability including day-to-day credit decisions, thereby following the modus operandi for banking units within the KIPCO Group and applying good corporate governance.

### **8.3 GENERAL CONSIDERATIONS**

There will be no fundamental change to FIMBank's objectives and strategy. However, with the Offerors having Control of FIMBank, combined with the increased equity, it will be easier and less expensive to access funding hence enabling the pursuit of further growth.

The Offerors will support FIMBank in its expansionary plans for business and geographic diversification, as well as opportunities to offer additional services to clients.

### **8.4 TRADE FINANCE**

The Offerors intend to continue on the path undertaken by FIMBank in 2011 to strengthen its activities in Commodity Trade Finance ("CTF") and Structured Commodity Trade Finance ("SCF"). It is intended to establish a presence in Switzerland, the main CTF centre worldwide, and to hire CTF specialists, including support functions to facilitate access to clients and gathering of business intelligence.

The SCF offering will be developed out of the existing Representative Office in London and other selected regions going forward. Both activities will be important in supporting business growth and increasing FIMBank's, and the Offerors', visibility in these important markets.

A substantial share of the additional equity available to FIMBank will be allocated to the SCF/CTF business in order to benefit from the unique opportunity for this product offering in this region following the retreat of European specialist banks.

The greater allocation of financial resources to SCF/CTF will allow FIMBank to attract more established, stronger trading companies with larger credit lines than FIMBank can currently offer.

The additional resources will also provide a greater diversification by clients, commodities and countries of exposure than is currently possible. Additionally, the larger-sized transactions will improve efficiency through the creation of economies of scale, that should ultimately generate improved profitability.

## **8.5 FORFAITING**

The London Forfaiting Company (LFC), a fully owned FIMBank subsidiary headquartered in London, will remain the centre of the forfaiting business. LFC's portfolio size will be increased substantially to create economies of scale and increase profitability of this activity even further.

LFC will remain the centre for the distribution of assets for the FIMBank Group, allowing FIMBank and the Offerors' the opportunity to expand without taking unwanted risks. LFC will remain the only entity in the FIMBank Group to be investing in and trading in assets not related to trade finance in order to optimize volumes and market intelligence as well as profitability.

As far as FIMBank's other subsidiaries and joint ventures are concerned, the Offerors shall continue to support the successful model adopted by FIMBank thus far in pursuance of its continuing expansion strategy.

## **8.6 FACTORING**

Factoring is the fastest growing trade finance product, outperforming all other trade finance offerings. This area of business will be developed further through joint ventures in selected emerging markets thereby benefiting initially from the presence of FIMBank and if possible involving a supranational entity to reduce risks and increase image development for the product in these "first mover" markets.

A dedicated function will be created to support and manage the investments and strategy as well as monitoring the operations and facilitating the sharing of good practices between joint ventures.

Depending on the opportunities available, FIMBank should continue to pursue expansion in the factoring field through acquisitions. Such "greenfield" operations will require a longer term approach/investment before profitability can be expected, however, value creation will usually be more substantial in the longer term.

## **8.7 FUNDING**

FIMBank will keep developing its own sources of funding. The Offerors can significantly improve access to funding while at the same time reduce costs including with other financial institutions. This has been notoriously difficult to tap into since the onset of the financial crisis. A change in FIMBank's control should also assist in lifting FIMBank's credit rating to investment grade.

To optimize this improved position, FIMBank's financial institution department will be strengthened.

Facilitated access to funding and availability to a "lender of last resort" will allow FIMBank to make better use of its resources (capital and liquidity ratios) and improved planning for business development. FIMBank will pursue its efforts to raise funding from less "traditional" sources, such as internet deposit offerings and vehicles such as a trade finance fund, the latter serving also as a tool for risk reduction and freeing of credit limits.

## **8.8 OPERATIONS AND RISK MANAGEMENT**

Even if units within the Offerors function by-and-large autonomously, some policies are expected to be harmonized for greater efficiency such as in the management of country limits, bank relations, financial management and IT.

The substantial development of the CTF business will require the strengthening of the risk management function. Risk managers who are very familiar with CTF and senior enough to effectively challenge Relationship Officers will be hired and/or trained. Greater volumes of business may justify the investment in further IT risk management systems/tools, themselves leading to efficiency gains. This will be analysed on a case-by-case basis, in coordination with IT developments at the level of the KIPCO Group.

## **8.9 CORPORATE STRATEGY AND DIVIDEND POLICY**

FIMBank's Board of Directors shall continue to define FIMBank's own corporate strategy, a strategy that will reflect its new environment and financial resources.

FIMBank's dividend policy will be aligned to its development objectives but the Offerors will seek to ensure that shareholders receive an adequate stream of dividends, subject to the potential reinvestment of more earnings in FIMBank's business to support further expansion and subject also to available cash flows, regulatory requirements, economic conditions and unforeseen circumstances.

## **8.10 POSSIBLE LONGER-TERM DEVELOPMENTS**

Businesses related to trade finance are plentiful and the on-going financial crisis provides huge opportunities. Subject to financial and human resources being available, the following businesses will be considered:

- Leasing (globally where applicable);
- Sharia-compliant products.

## **8.11 LISTED STATUS**

The Offerors will seek to retain FIMBank's listed status on the MSE in terms of the applicable Listing Rules. Unless the Listing Authority, exercising its discretion, grants a derogation under the Listing Rules, FIMBank may have to be de-listed in the event that less than 25% of FIMBank's listed shares are in the hands of the public.

Shareholders are warned that an eventual delisting of FIMBank would have an adverse effect on the marketability and transferability of the Shares.

## **9 TAX CONSIDERATIONS**

### **9.1 INTRODUCTION**

This section is a summary of certain Maltese tax considerations relevant to the disposal of the Shares pursuant to this Offer and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the Shareholders. Furthermore, this section does not address any foreign tax considerations.

The following summary is based on applicable Maltese law in force at the time of the Offer which are subject to change and is solely intended to provide general guidelines and does not address all possible tax implications that may be relevant.

This section does not constitute legal or tax advice and accordingly, no action or decision should be taken in reliance on such comments without first obtaining professional advice as regards Maltese and any foreign tax(es) that may be relevant to the transfer of Shares pursuant to the Offer.

### **9.2 CAPITAL GAINS ON DISPOSAL OF SHARES**

In terms of the Income Tax Act (Chapter 123 of the Laws of Malta), tax is chargeable on gains or profits (capital gains) arising from the transfer of shares or securities or any rights over such shares or securities. However, no tax is due in the case of a transfer of shares listed on the MSE.

### **9.3 DUTY ON DOCUMENTS**

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the Laws of Malta), a duty (commonly referred to as 'stamp duty') is chargeable on a transfer of shares in Malta. However, the Financial Markets Act provides that no duty is payable in the case of a transfer of shares of a company listed on the MSE.

### **9.4 SHAREHOLDER COSTS AND LIABILITIES**

The Offerors shall not be liable to cover any tax liabilities incurred directly by FIMBank for the purposes of this transaction. FIMBank Shareholders accepting this Offer shall be responsible for any tax liability arising as a result of the settlement and any costs incurred in obtaining tax advice.

## **10 GOVERNING LAW**

The Offer, this Offer Document and any agreements entered into on the basis of this Offer are or will be governed by Maltese law.

The Maltese Courts will have jurisdiction to settle any disputes relating to the Offer, this Offer Document and any agreements entered into on the basis of this Offer.

# SCHEDULE 1 - ACCEPTANCE FORM

## ACCEPTANCE FORM

IMPORTANT NOTICE: the terms and conditions appearing overleaf are an integral part of this contract pursuant to the Joint Voluntary Public Takeover Bid (Cash Offer) by Burgan Bank S.A.K. and United Gulf Bank B.S.C. in respect of all the issued shares in FIMBank p.l.c. not already held by Burgan Bank S.A.K. or United Gulf Bank B.S.C. in terms of the Offer Document dated 9<sup>th</sup> December 2013 being concluded by a Shareholder's signature hereof, who will thereby be deemed to have accepted them.



**Joint Voluntary Public Takeover Bid (Cash Offer)  
in respect of all issued shares in FIMBank p.l.c.**

### A. SHAREHOLDERS' DETAILS

Form Number:

Tel.No:

Mobile.No:

### B. ACCEPTING THE OFFER

Registered holding of Ordinary Shares as at close of business on 6<sup>th</sup> December 2013  
(the "Record Date")

I/We confirm that (Mark 'X' where applicable)

i.	<input type="checkbox"/>	I/We have received and reviewed the Offer Document dated 9 <sup>th</sup> December 2013 and accept the Offerors' Offer, in accordance with the terms and conditions as set forth in the Offer Document, in respect of <b>ALL</b> my/our Shares in FIMBank p.l.c. held as at the Record Date				
OR						
ii.	<input type="checkbox"/>	I/We have received and reviewed the Offer Document dated 9 <sup>th</sup> December 2013 and accept the Offerors' Offer, in accordance with the terms and conditions as set forth in the Offer Document, in respect of <b>PART</b> of my/our Shares in FIMBank p.l.c. as stated hereunder:				
		<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Total number of Shares (in figures)</td> <td style="width: 50%;">Total number of Shares (in words)</td> </tr> <tr> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> </table>	Total number of Shares (in figures)	Total number of Shares (in words)		
Total number of Shares (in figures)	Total number of Shares (in words)					

### C. ACCOUNT DETAILS FOR SETTLEMENT OF SHARES

Bank Name	
Bank Address	
Bank SWIFT/BIC/US CHIPS/ Sort code	<input style="width: 100%;" type="text"/>
Account Name	
Account currency	USD
Account number	<input style="width: 100%;" type="text"/>
IBAN number	<input style="width: 100%;" type="text"/>

The Account name must match the name of the Shareholder/s as indicated in Shareholders' Details above. No payment will be effected to bank accounts held in the name of third parties.

### D. DECLARATION BY SHAREHOLDER/S

I/We the undersigned shareholder/s in FIMBank p.l.c., having read and fully understood the terms and conditions for completing this Acceptance Form appearing overleaf and all the terms and conditions set forth in the Offer Document dated 9<sup>th</sup> December 2013 for a Joint Voluntary Public Takeover Bid (Cash Offer) by Burgan Bank S.A.K. and United Gulf Bank B.S.C. in respect of all the issued shares in FIMBank p.l.c. not already held by Burgan Bank S.A.K. or United Gulf Bank B.S.C., hereby confirm my/our Acceptance of the Offer. I/we confirm that our Acceptance is being made solely on the basis of the Offer Document dated 9<sup>th</sup> December 2013 and that I/we am/are duly authorised as necessary to submit this Acceptance.

Name/s	Signature of Shareholder/s	Date

## IMPORTANT TERMS AND CONDITIONS FOR COMPLETING THIS ACCEPTANCE FORM

The following terms and conditions are to be read in conjunction with, and form an integral part of, the Offer Document dated 9<sup>th</sup> December 2013 for a Joint Voluntary Public Takeover Bid (Cash Offer) by Burgan Bank S.A.K. and United Gulf Bank B.S.C. in respect of all the issued shares in FIMBank p.l.c. not already held by Burgan Bank S.A.K. or United Gulf Bank B.S.C..

Any terms defined in this Acceptance Form have the same meaning ascribed thereto in the Offer Document.

**The Offerors strongly recommend that Shareholders seek appropriate investment, financial, tax and/or legal advice from duly qualified, and where applicable licenced or authorised, professionals and/or firms in connection with the Offer, the Offer Document and before completing this Acceptance Form.**

1. This Acceptance Form must be duly completed and signed by Shareholders wishing to accept the Offer made by the Offerors pursuant and subject to the terms and conditions listed below and in the Offer Document.
2. This Acceptance Form should be completed in BLOCK CHARACTERS.
3. In case of joint Shareholders, all such joint Shareholders should sign the Acceptance Form; Where the Shareholder/s is/are a minor, both parents or legal guardian/s should sign, each providing the following details: Name and Surname, Address, ID Card/Passport Number and Telephone number. In addition, this Acceptance Form is to be accompanied by a certified true copy of a Civil Court (Voluntary Jurisdiction Section) Decree, obtained from the Court's Registry, authorising such sale in terms of article 136 (4) of the Civil Code; In the case of a legal guardian/s, documentary evidence of the legal guardian's appointment is to be provided; In the case of Corporate Shareholders, this Acceptance Form should be signed by the legal representative/s of the company as established by the company's Memorandum and Articles of Association, and their signature/s shall be deemed to bind the body corporate.
4. Unless the Acceptance Period is extended by the Offerors in terms of the Offer Document, Shareholders are entitled to accept the Offer from 8:30 hours on 16<sup>th</sup> December 2013 until 17:00 hours on 20<sup>th</sup> January 2014. Any Acceptance Forms received by the Registrar after expiry of the Acceptance Period will be rejected. The Offerors reserve the right to refuse any Acceptance Form which has not been properly completed or which is otherwise in breach of the terms and conditions of this Acceptance Form and the Offer Document.
5. Duly completed and signed Acceptance Forms are to be delivered in original to the Registrar as specified in the Offer Document, using the enclosed pre-printed envelope, or at the address below:  
 Manager & Registrar,  
 Joint Voluntary Public Takeover Bid,  
 c/o Rizzo, Farrugia & Co (Stockbrokers) Ltd.  
 Airways House, Third Floor  
 High Street,  
 Sliema SLM 1549  
 Malta  
 Acceptances by post are at the risk of the Shareholder/s and the Offerors and the Registrar disclaim all responsibility for any such Acceptances received after expiry of the Acceptance Period.
6. By signing this Acceptance Form, the Shareholder/s will be deemed to have declared and agreed that:
  - (a) the Shareholder/s have sought all the investment, financial, tax and/or legal advice from duly qualified, and where applicable licenced or authorised, professionals and/or firms that they have deemed necessary and are satisfied with such advice;
  - (b) the Shareholder/s will have entered into a binding contract with the Offerors, and may not thereafter sell, transfer, encumber or dispose of the Shares which are the subject of their Acceptance to any person other than the Offerors in terms of the Offer Document. On submitting a valid Acceptance Form within the prescribed Acceptance Period, Shareholders hereby consent to the 'earmarking' of the securities to which the Acceptance Form relates. The said securities will thereafter not be freely transferrable to any other party except to the Offerors. Should the completion conditions of the Offer not be satisfied, the Offer shall lapse and the earmarking of the securities will be reversed;
  - (c) Settlement will be made by transfer to the (USD) bank account specified by the Shareholder/s in the completed Acceptance Form. If no such (USD) bank account number is provided, shareholders resident in Malta will receive settlement by means of a cheque mailed to the Shareholder/s address indicated in the Acceptance Form. In the case of Shareholders who do not hold a Maltese address, a (USD) bank account is mandatory and failure to provide such an account will render the Acceptance Form null and void;
  - (d) settlement to (USD) bank accounts, other than those held with Bank of Valletta p.l.c. or HSBC Bank Malta p.l.c., may:
    - (i) incur bank charges charged by the Shareholder/s' bank which are to be borne by the Shareholder/s.
    - (ii) take up to four business days to settle into the Shareholder/s bank account in cleared funds.
  - (e) the Shares which are the subject of the Shareholder Acceptance are free and clear of any pledge, hypothec, special privilege, charge, lien or any similar encumbrance in any jurisdiction and are not subject to any third party rights whatsoever and shall be transferred to the Offerors with all the rights pertaining to the Shares still attached to them without exception;
  - (f) the Acceptance is in compliance with any and all laws or regulations to which the Shareholder/s may be subject in any applicable jurisdiction; and
  - (g) any transfer of Shares to the Offerors pursuant to the Offer which is not made as described and represented in this Acceptance Form shall be considered null and void and the Offerors reserve all their rights at law as applicable.
7. This Acceptance Form and the Offer are governed by Maltese law and are subject to the jurisdiction of the Maltese Courts.

For internal use			
Date received:		Validated by:	
EM:			





Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751, Malta

Tel: +356 2134 2134  
Fax: +356 2133 0280  
ey.malta@mt.ey.com  
ey.com

### To the Directors

**Burgan Bank SAK**  
**Burgan Tower**  
**Al Sharq, Abdullah Al Ahmed Street**  
**PO Box 5389**  
**Safat 12170, Kuwait**

**United Gulf Bank BSC**  
**UGB Tower**  
**PO Box 5964, Diplomatic Area**  
**Manama, Bahrain**

**Independent assurance report in connection with the Offer Document prepared jointly by Burgan Bank SAK and United Gulf Bank BSC in connection with their Voluntary Bid in respect of all the issued shares in FIMBank p.l.c. not already held by Burgan Bank SAK or United Gulf Bank BSC**

We have been engaged by Burgan Bank SAK and United Gulf Bank BSC ("the companies") to confirm whether the Companies have sufficient resources to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer as contemplated in Listing Rule 11.24.

Additionally, the Companies have requested us to report whether the consideration offered exceeds the net asset value per share of FIMBank p.l.c., defined as group net assets as reported in the Condensed Interim Financial Statements as at 30 June 2013 (amounting to USD 116,532,858) and divided by the number of shares (totalling 142,943,602) in issue as at 30 June 2013 ("net asset value per share").

This report is being given in terms of Rule 11.23 and 11.24 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and for no other purpose whatsoever.

### **Respective responsibilities of the Directors and Ernst & Young Malta Limited**

It is the responsibility of the directors of the Companies ("the directors") to ensure that Burgan Bank SAK and / or United Gulf Bank BSC have sufficient resources to meet the consideration on full acceptance of the Offer and to pay any debts incurred in connection with the offer. Our responsibility is to express an opinion, based solely on information provided by the Companies, as to whether Burgan Bank SAK and / or United Gulf Bank BSC have sufficient resources to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer.

The Directors are responsible for establishing the Offer Price. We have been requested by the directors to compare the Offer Price with the net asset value per share of FIMBank p.l.c. as at 30 June 2013. We have neither sought to undertake a fair valuation of FIMBank p.l.c. as at 30 June 2013 nor sought to compare the Offer Price to the equitable price as set out by the criteria in Listing Rule 11.39. Furthermore, we have not sought to audit or review in any manner the Condensed Interim Financial Statements of FIMBank p.l.c. as at 30 June 2013.



#### **Work performed**

We conducted our engagement in accordance with International Standards on Assurance Engagements – “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (“ISAE 3000”). Our procedures comprised:

- Comparing the consideration offered to the net asset value per share of FIMBank p.l.c. as at 30 June 2013. We have neither sought to undertake a fair valuation of FIMBank p.l.c. as at 30 June 2013 nor sought to compare the Offer Price to the equitable price as set out by the criteria in Listing Rule 11.39. Furthermore, we have not sought to audit or review in any manner the Condensed Interim Financial Statements of FIMBank p.l.c. as at 30 June 2013;
- Gaining an understanding of the source of financing to meet the consideration on full acceptance of the Offer and any related debts incurred in connection with the Offer;
- Performing a limited review of the projected liquid assets of the Companies, after taking into account regulatory liquidity requirements for the period from 30 November 2013 to 28 February 2014, to ascertain whether the necessary resources are in place to meet the consideration offered;
- Confirmation that provision has been made in the projected cash flows of Burgan Bank SAK and / or United Gulf Bank BSC for payment of the consideration for the voluntary bid.

A “limited assurance” engagement is substantially less in scope than a “reasonable assurance” engagement under ISAE 3000. It excludes procedures such as testing controls effectiveness and corroborative data testing.

#### **Conclusion**

On the basis of our procedures, nothing has come to our attention that causes us to believe that:

- a) Burgan Bank SAK and / or United Gulf Bank BSC will not have sufficient resources to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer;
- b) The consideration offered does not exceed the net asset value per share as reported in the Condensed Interim Financial Statements of FIMBank p.l.c. as at 30 June 2013.

*This copy of the report has been signed by:*

*Ronald Attard for and on behalf of*

**Ernst & Young Malta Limited**

**Certified Public Accountants**

9 December 2013

This page has been intentionally left blank.

This page has been intentionally left blank.